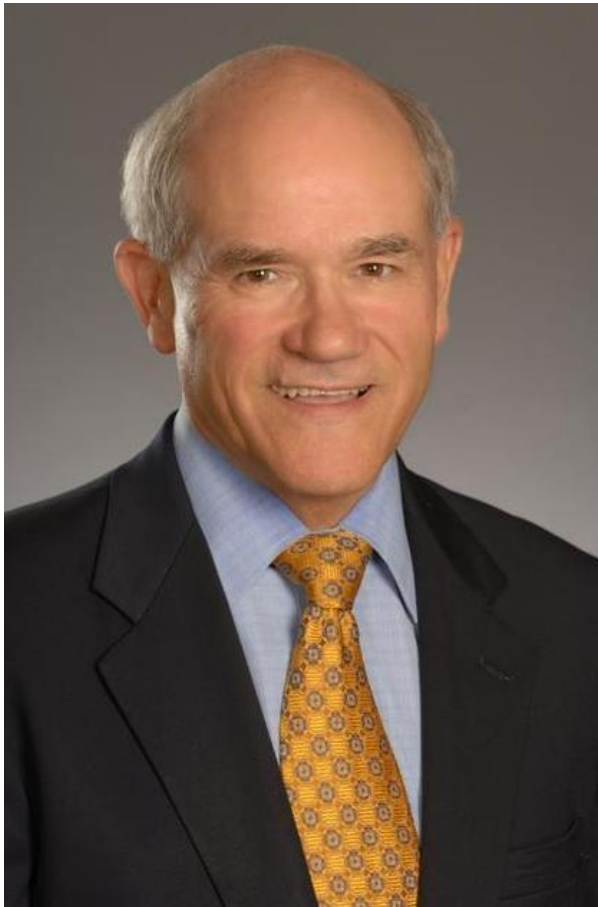


Supreme Court upholds 2013 revisions to Washington estate tax

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Justice Charles Wiggins

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The state Supreme Court has [upheld the Washington estate tax](#) as it was amended by state lawmakers in 2013.

The court handed down its [unanimous ruling](#) Thursday. The opinion was authored by Justice Charles Wiggins and leaves in place a tax-law change that was meant to preserve an estimated \$160 million in the current two-year budget.

The Legislature retooled its estate tax after a high court ruling in 2012. In the so-called Bracken case, the court said that properties held in certain marital trusts would not be subject to the tax if the first spouse died before the state estate tax took effect in May 2005.

The high court's 2012 ruling had left the estate tax in place for single adults leaving behind estates valued at more than \$2 million, which in effect created a loophole allowing certain marital estates to escape taxation while estates of single people were taxed.

Lawmakers scrambling for revenue to balance their budget in 2013 then closed this loophole, ensuring the tax is payable upon the death of the second spouse.

The legislative action came as the Department of Revenue was poised to start issuing millions of dollars of refunds under the court's 2012 interpretation. As part of a Senate-House compromise, the new tax law [included a new small-business exemption and also slightly increased the top tax rate to 19 percent.](#)

But in a controversial move at the time, [House Bill 2075](#) allowed the tax to be collected on certain estates formed years ago where the first spouse had died prior to 2005.

In its Thursday ruling, the court dealt with two claims brought concerning that retroactivity clause. At issue in both cases was the status of certain estates known as qualified trust interest properties, which let the first spouse control the assets but delay the taxable event until the second spouse passed away.

The 2013 reform led to big fights over this issue, and Republican Rep. Terry Nealey of Dayton warned at the time the retroactive clause could open the door to fresh lawsuits.

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